Jonathan Schechter – "Corpus Callosum" Column
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Today's focus is six items in last week's local papers.

1. Proud dad

Last week's *News&Guide* carried a story by my son, describing his participation in the January 3 Iowa caucuses. I'm awfully proud of him; not just for his writing abilities, but for his idealism and how deeply he cares about the political process and our nation. His generation will serve America well.

2. Principled Republicans

Speaking of caucuses, it's striking how the local Republican party has put principle ahead of politics.

According to last week's papers, at their January 5 convention, local GOP leaders vowed to re-capture Teton County for 2008's Republican candidates. They also passed a platform that not only echoes the national Republican party's basic tenets (pro-Iraq, anti-abortion, anti-tax, etc.), but also explicitly supports President Bush. In so doing, they put principle ahead of politics.

Here's the challenge facing local Republicans. After handily carrying Teton County in 2000 (58-42 percent), in 2004 Bush-Cheney lost Teton County 46-54 percent. It got worse in 2006 when, in competitive state and local races, local voters cast 56 percent of their collective votes for Democratic candidates.

This does not bode well for local Republicans in 2008. Making things even more ominous is that, in October 2004, President Bush's national approval rating in the CBS/*New York Times* poll was 49 percent. Two years later, it was 34 percent; today it's 29 percent. As a result, by hitching their wagon to President Bush, the local Republican party seems to be setting its candidates up for a very simple, but politically disastrous, question: Do you support President Bush? If a candidate is politically expedient and says "no," he or she risks alienating party leaders; if a candidate embraces party principles and say "yes," he or she risks alienating much of the local electorate.

Things will be still worse for Republican candidates next fall if, as seems increasingly likely, the economy is in recession. Conveniently, a slowing economy tees up my third point.

3. Recession and the local real estate market

From an economist's perspective, the one truly invaluable local newspaper ad is Art Hazen Real Estate's weekly "Real Estate Scoreboard." Since its current format debuted last summer, Hazen's ads have documented the softening of the local real estate market, particularly in Teton County, Idaho.

For the two Teton counties, graphs 1 and 2 show trend data for seven pieces of data: number of sales, days on market, and mean and median sales prices (for sold properties); and number of listings, days on market, and mean list price (for listed properties).

For Teton County, Wyoming, the big story is that total sales fell 22 percent between the twelve months ending in June 2006 and the twelve months ending in December 2007. During that same 18 month period, median price rose slightly (7 percent), but mean price was flat. Further, over the last six months, the number of properties for sale grew slightly (2 percent), and it's taking 14 percent longer for those properties to sell.

Fewer sales, flat prices, more inventory, and longer days on market – at best, the doldrums. A similar story is unfolding in the Teton Valley, but it's happening much more rapidly. On the self-described sunny side of the Tetons, the past year has seen a 15 percent decline in sales (albeit with slightly higher prices). Plus, it's taking much longer for those fewer sales to occur: during 2007, the time it took the typical property sale in the Teton Valley to sell rose from 163 to 212 days, a 30 percent increase.

Most striking of all is the sharp rise in properties listed in Teton, Idaho, from 759 in July 2007 to 1,064 today, a 40 percent increase in just six months. Given that only 708 properties sold in the Teton Valley last year, this works out to a 1.5 year supply of properties on the market. As a result, it's not surprising that, during the last six months, the mean asking price of homes listed has fallen 15 percent, and the days on market has risen 13 percent.

If the sub-prime mess is going to affect the region's real estate market, it's much more likely to hit Teton County, Idaho than Teton County, Wyoming. There are two reasons for this. First, Jackson Hole home prices are so high that it's likely few homeowners are carrying subprime loans. The same is not true for the Teton Valley, where the median home price is just 28 percent that of the median Jackson Hole home.

The other reason is overbuilding. In their desire to not be Jackson Hole, Teton Valley has put relatively few constraints on real estate development. One result has been that supply has grown faster than demand, a classic phenomenon in rapidly-growing, lightly-regulated markets. The result? Massive overbuilding and, ultimately, the depressed prices we're starting to see. Combine that with the subprime mess, and it seems likely the Teton Valley real estate market will continue to cool off. While Jackson Hole's market may also slow down, limited supply and more restrictive development policies should continue to keep Teton County, Wyoming's housing market far more robust than that of its Idaho neighbor.

4. The Forest Service and IMAX

Quick quiz, part 1. How can you make more money: selling a commodity or selling a unique item? Easy answer: selling a unique item, for it commands a much higher price than something you can get anywhere. Quick quiz, part 2. Which of the following is a commodity and which is unique: an IMAX theater and the Bridger-Teton National Forest? Easy answer: you can build an IMAX theater anywhere; the Bridger-Teton can't be replicated. Quick quiz, part 3. For Jackson Hole, what's the sense in the Forest Service selling the Bridger-Teton headquarters land for a commodity like an IMAX or some other commercial development? Easy answer: there is none.

While conventional wisdom holds that Jackson Hole's economy is driven by tourism, irrefutable data tell us this is no longer true: During the last 30 years, Jackson Hole's economic engine has shifted from tourism to lifestyle. The clearest example? In the mid-1980s, gas prices were high and Jackson Hole's tourism declined. When it did, so did both taxable sales and housing prices. In contrast, since the mid-1990s, tourism has once again been flat, but taxable sales and housing prices have soared. In particular, as Graph 3 shows, since the National Park Service changed its counting methodology in 1993, Grand Teton National Park's visitation has declined 5 percent, while Yellowstone's has increased 8 percent. Yet during those 14 years, constant dollar taxable sales have risen 60 percent.

30 years ago, our economy needed to sell every last rubber tomahawk to every last station wagon full of families; that's no longer the case. Instead, what's needed today is the wisdom to understand those why our economy has boomed despite flat tourism numbers, and the courage to sustain those qualities – even if sustaining those qualities means doing things at odds with conventional wisdom. In my view, prominent among the elements driving our success is the Bridger-Teton, that unique entity which comprises roughly 40 percent of all the land in Teton County. By extension, the better the B-T is sustained, the better the region's long-term economic prospects.

How best to sustain those lands? Quick quiz, part 4. Where do you want to locate the people in charge of sustaining the Bridger-Teton: at the forest's center (and proximate to the managers in charge of the other 1.6

million acres of public land in Teton County), or outsourced to some place 1-2 hours or more away? Easy answer: in their current headquarters, because good land use management is closely correlated with being on site (outsourcing only makes sense to bean counters). Equally clear is that, given today's land prices, if the Bridger-Teton headquarters ever moves away, it will never be able move back. Should that happen, the B-T will suffer, and with it will suffer a key pillar of Jackson Hole's economy. That the Forest Service continues to consider moving the B-T headquarters suggests something other than the B-T's best interests is driving the process, something which erodes the beliefs of those hopeless idealists – like both my son and me – who want to believe that, more often than not, government wants to do the right thing for the right reason.

My final two points reek of shameless self-promotion.

5. 1% for the Tetons

Reclaiming my idealist's hat, another reason to feel optimistic about the future is the dozens and dozens of businesses which have joined 1% for the Tetons. As I do in every *News&Guide*, last week I ran an advertisement saluting a 1% member. However, the ads are too small to salute all members at once, much less encourage you to support them all. But deserve your support they do, for, thanks to their efforts, going forward Jackson Hole will be a better, more sustainable community.

6. The Alpinist Film Festival

Thursday through Sunday, Jackson's own *Alpinist* magazine will sponsor its fourth annual film festival. Along with the now-classic three nights of Snow, Surf, and Stone, on Sunday, January 20, the Festival will hold its first-ever "Mountain Town Matinee," featuring three films examining growth and change in mountain communities throughout the western U.S.

As Melanie White discussed in her *News&Guide* column last week, the films range from wildly funny to in-your-face provocative, and will provide interesting context for the panel discussion afterwards on how people interested in sustaining Jackson Hole's singular qualities might make a difference. I'll be leading that discussion; I hope you'll join us.